

IN THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK

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KGS DIAMOND GROUP S.A.,

Case No. CV-07 8547 (NRB)

Plaintiff,

-against-

**ELECTRONICALLY FILED  
WITH THE COURT**

DK HOLDINGS, LTD.,

Defendant.

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**KGS DIAMOND GROUP S.A.'S SETTLEMENT STATUS REPORT**

Plaintiff, KGS Diamond Group S.A. ("KGS"), by and through its undersigned counsel, hereby submits a Settlement Status Report advising the Court on the current status of the parties' settlement negotiations, as ordered by the Court during the February 6, 2008 Initial Pre-Trial Conference.

Generally, plaintiff agrees with the status reported in defendant's report filed today, except as noted below. Plaintiff apologizes for the submission in separate reports, but the undersigned has been in Japan and Korea for approximately the last week and an unexpected outage in e-mail service prevented communication respecting the above.

While it appears that damages may not rise to a large sum, plaintiff remains concerned respecting continued practice of the invention. However, it appears that the parties may be able to address this aspect of the case amicably.

If the parties are unable to settle the current dispute, plaintiff believes that a hold on discovery is inappropriate. There are serious questions of intent and discovery is likely to uncover evidence which will likely have an adverse impact on the credibility of defendant's claim construction position as presently understood.

DATED: March 28, 2008 Respectfully submitted,

BROWN RUDNICK BERLACK ISRAELS LLP

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